

Consumer Alert



A publication by the South Carolina Department of Consumer Affairs



Gift Cards: Federal legislation effective *next* holiday season

Gift cards serve many purposes, particularly during the holiday season. They're great for the person who has everything, needs nothing, but deserves something. They're great for the person who has nothing, needs everything, but deserves to choose their something. Then there's the folks that don't appreciate your gift-giving style. They're also great fillers and last-minute pick-ups for that special someone that got especially forgotten in the shopping mania.

But even gift cards have their catches...expiration dates, fees, fine print, exceptions, exclusions, and the like. Thankfully, federal legislators took it up themselves to put consumers' dollars back in consumers' pockets. For them -- and us -- the idea that money could expire or incur a "fee" for not being spent just didn't make sense.

However, unlike the majority of provisions in the 2009 Credit Cardholders' Bill of Rights, the section pertaining to gifts cards does not go into effect until NEXT fall...August 2010 to be specific. So, consider your gift card purchases carefully this holiday season. Current SC law requires terms and expiration dates to be disclosed in 10-point font on the front of the card, or the card's valid for a year. Do make sure, however, that you alert the card's recipient to any applicable fees or expiration dates.

When effective, the new federal legislation bring new changes. The changes will apply to general-use prepaid cards, gift certificates, and store gift cards. The new changes will largely eliminate fees on cards unless there has been no activity for 12 months and the required disclosures are met. When allowed, no more than one fee may be charged per month. Expiration dates



Courtesy of Flickr: misocrazy

must be clearly stated on the card and cannot be for less than five years. But again...remember that these changes are not effective until August 2010. So, enjoy purchasing your gift cards this season, but do so with caution. SCDCA also recommends purchasing gift cards behind the register. These are less susceptible to gift cards scams. For more information on gift cards, contact the Department of Consumer Affairs.

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Joining A Gym...How To Lose Lbs. Not \$\$\$



Whether you choose to jump on the treadmill now to justify the extra slice of pie or choose to wait until after you eat the pie to burn off the calories, joining a gym seems to be a holiday tradition. Most fitness clubs, however, are more interested in making your health a long-term commitment and investment. For that reason, most contracts are for one to two years...enough of a financial investment to convince many to make the physical investment.

Unfortunately, the economy has taken a toll on everyone, including fitness clubs. This past year, the South Carolina Department of Consumer Affairs saw a number of fitness clubs close their doors. Some

members were provided little notice, if any at all, and are still waiting to recoup money for services that were never provided.

Ideally, consumers would like to avoid all that difficulty. That's where contract details make all the difference. So, when talking about the haves and have nots -- and we're not talking lbs. - here's what you need to know.

What To Have In Your Club:

- A fitness facility that is bonded and insured. Look for a certificate in a conspicuous location. Ask if you don't see it.
- A contract that has a clear cancellation policy, or at least one that doesn't make you squirm. Note that contracts must be longer than three months or greater than \$200 to include a few basic cancellation rights.

What *Not* To Have In Your Club:

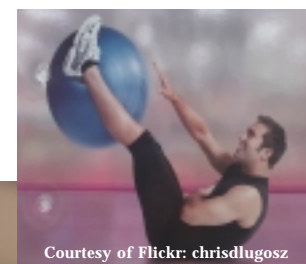
- An automatic renewal agreement, which allows the club to renew your

contract at the end of its term. Look for key words like "continuous," "at current rates," or "until I cancel." Of course, if you want your contract to continue indefinitely, an automatic renewal clause may be convenient.

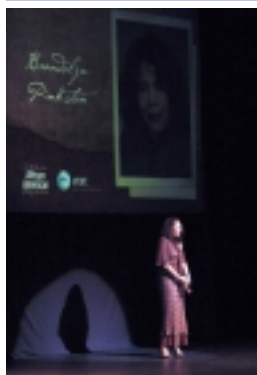
- Unreasonable costs for additional club services (child care, group classes, etc.).

In the event of a gym closing:

- Do NOT continue to make payments for services not rendered.
- File a complaint with SCDCA if you believe you are entitled to a refund.



Calendar Stresses Education, Communication



South Carolina has great reason to be proud, and at the unveiling ceremony of the 2010 AT&T African American History Calendar, hundreds found out why. The event, hosted on October 7, 2009, at the Koger Center honored some of the most accomplished individuals South Carolina has known. Among the honorees was the Department of Consumer Affairs' Administrator Brandolyn Thomas Pinkston. The calendar profiles a different honoree each month and also includes important dates and milestones in African American History. The star-studded honorees included lifetime educator and trailblazer Fannie Phelps, Pulitzer-prize winner and Washington Post columnist Eugene Robinson, Grammy-winning country superstar Darius Rucker, NFL Pro-Bowl standouts William "The Fridge" and Michael Dean Perry, and the State's associate editor Warren Bolton.

Perhaps the single thing more notable than the honorees was their message. Whether by song, pen, voice, or action, the honorees stressed the importance of communicating life lessons and educating tomorrow's future. Much of the communication and education centered on making a positive impact in your community, serving the greater good of South Carolina, and creating more open doors and opportunities for the next generation. Without a doubt, SC's youth is in a better position to succeed today because of the honorees' contributions in these areas.



How To Maximize Your Tax Return in 2010

Tax season may seem months away, but it's never too early to plan ahead. This season offers a number of new tax credits that may require some additional attention before April 15 to make the most of your tax refund. For that reason, SCDCA in partnership with the IRS is providing valuable information now on some of the most important tax credits available.

In 2009 and 2010, the Making Work Pay provision of the American Recovery and Reinvestment Act of 2009 provides a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns.

The amount of the credit will be computed on the employee's 2009 income tax return filed in 2010 and the 2010 income tax return filed in 2011. Taxpayers with earned income who do not have taxes withheld by an employer during the year can also claim the credit on their 2009 and their 2010 income tax returns.

For people who receive a paycheck and are subject to withholding, the credit will typically be handled by their employers through automated withholding changes that employers and payers began using as of April 1, 2009.

It is not necessary to submit a Form W-4 to get the automatic withholding change.

These changes may result in an increase in take-home pay.

Some individuals may find that the changes built into the withholding tables result in less tax being withheld than they prefer.

Also, for taxpayers who are not eligible for the Making Work Pay Tax Credit, withholding changes could mean a smaller refund next spring. And, a limited number of individuals, including those who usually receive very small refunds, could owe a small amount rather than receive a refund.

Will the Making Work Pay Tax Credit Affect You?

How will the Making Work Pay Tax Credit affect some taxpayers?

The following taxpayers should check their withholding to see if enough is being withheld.

Taxpayers with two or more jobs and married couples who both work

Adding income from all jobs may put the employee in a higher tax bracket. The combined withholdings may be less than the actual tax on the tax return.

Pensioners do not qualify for the Making Work Pay Tax Credit, unless they receive earned income. A new optional withholding adjustment procedure for pension plans was issued May 14, 2009. For pension payers who elect to use this new procedure, this change will help reduce the possibility of under withholding. However, pension recipients may still need to review their withholding to determine if they need to submit a revised **Form W-4P** to the pension payer.

Dependents who work but who are not eligible for the making Work Pay Tax Credit due to their dependent status

A person who can be claimed as a dependent on someone else's return is not eligible for the credit. Dependents may find that their withholding is less than the actual tax on the tax return.

Individuals who do not have valid Social Security Numbers, including non-resident aliens and some resident aliens

Taxpayers must have a valid social security number to be eligible for this credit. If not enough tax is withheld, the taxpayer may owe tax at the end of the year. In the case of a joint filer, a valid SSN is required for one of the taxpayers.

How to Change Withholdings?

Taxpayers can easily find out if enough tax is being withheld by using the IRS withholding calculator and making any necessary adjustments by completing a revised **Form W-4**, *Employee's Withholding Allowance Certificate* or **Form W-4P**, *Withholding Certificate for Pension or Annuity Payments*. Taxpayers should give a revised **Form W-4** to their employer. A revised **Form W-4P** should be given to the pension payer.

Self-Employed

Self-employed taxpayers may claim this credit on their 2009 tax return filed in 2010 and on their 2010 tax return filed in 2011. They should evaluate their expected income tax liability and determine whether they want to make any adjustments to their estimated tax payments.

The “411” On Your Taxes

Maybe all this talk of exemptions and tax credits and line items has your head spinning. Not to worry. You're not alone. Before you tackle the tough stuff, be sure you understand the basic. A good place to start is understanding the federal income tax. The federal income tax is a pay-as-you-go tax. You must pay the tax as you earn or receive income during the year. Wage earners pay federal income tax by having it withheld from their pay during the year. This is your “withholding.” Your withholding is based on the number of allowances you claim when you file **Form W-4, Employee's Withholding Allowance Certificate**, with your employer.

Form W-4, Employee's Withholding Allowance Certificate, includes the following information:

- Your marital status
- The number of withholding allowances you are claiming
- Any additional withholding amount you are requesting
- Qualification of exempt status

The amount of tax the employer withholds from the taxpayer's wages depends on:

- The amount you earn
- How often you are paid
- The information you entered on **Form W-4**

Form W-4 should be reviewed to ensure the correct amount of tax is being withheld.

Need Help Filing Your Taxes?



Courtesy of Flickr: ColumbusCameraOp

No need to slave over your taxes. Help is here.

Free tax return assistance may be available.

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) Sites offer free tax return preparation to individuals with low to moderate income.

Call to find free help near you.

IRS at 1-800-906-9887

or

AARP TaxAide at 1-888-227-7669

Webinars Provide Accessibility, Convenience

In keeping with changing times and technology, the South Carolina Department of Consumer Affairs (SCDCA) is servicing the public through a series of webinars on pertinent industry and consumer issues. Consumers and professionals are encouraged to participate in these guided workshops. Expert staff are discussing the latest news and legislative updates regarding mortgages, credit, holiday shopping, identity theft, and more. These FREE, convenient workshops will heighten awareness and increase financial literacy throughout South Carolina.

Registration forms are available online at www.sccconsumer.gov. Consumers and business representatives must register three business days prior to the scheduled webinar. Webinar schedules will continue into 2010. Topic information will be released in advance. For more information, contact the Public Information Division at 803.734.4200 or toll free at 1.800.922.1594.

Toys & Tots 2009

Naughty or Nice? Taking A Look, Checking It Twice

No, we're not talking about the kids this time. Of course, they've all been nice this year and will eagerly await their rewards. That's why we're talking about naughty and nice toys. Last holiday season saw significant recalls on toys containing unsafe amounts of lead. Since then, the federal government has responded with passage of the Consumer Product Safety Improvement Act (CPSIA), which significantly reduces the amount of lead allowed in products. And if that's not enough, manufacturers are required to provide retailers a certificate showing compliance with strict lead testing and standards. The CPSIA also includes many other product safety regulations and requirements, and the U.S. Consumer Product Safety Commission is not wasting time enforcing the legislation either. In November, CPSC recalled toy easels because they contained unsafe amounts of lead.

But consumers are still encouraged to do their homework this holiday season. That means taking the time to look at each purchase and check it twice for safety. One way consumers can check for safety is to make sure they are not purchasing a recalled item that has been mistakenly left on the shelf.



Courtesy of Flickr: edenpictures

Consumers can sign up to receive product recall alerts at www.cpsc.gov. This way they'll never be without the latest news. Should consumers find a recalled product left on the shelf, they should call CPSC immediately.

Toys & Tots 2009 will take things one step further with additional fire safety information. During the holidays, many families celebrate by decorating the house with



Courtesy of Flickr: tomedpy

Christmas trees. Live trees become dry quickly and can easily catch fire. Christmas lights also pose a fire hazard if not used and monitored carefully. Consequently, parents should be especially mindful of the type and condition of smoke/carbon monoxide detectors in the house. The workshop will also feature representatives from CPSC, SafeKids, and Edventure.

To register for the free workshop, visit SCDCA on the web. Participants must register by Friday, December 4th at 5:00 p.m. For more information, contact the Public Information Division at 803.734.4296.

Congressional Meeting on CARD Act

In February 2010, another set of provisions detailed in the Credit Cardholders' Bill of Rights will go into effect. This all-important date will represent some significant changes for credit card companies including the elimination of over-the-limit fees unless the consumer has given express permission. Because the industry depends on over-the-limit fees for roughly one-third of its profits, credit card companies are making the most of their short window of time. Sadly, consumers are the ones taking the hit prior to February. Congressional delegates and the South Carolina Department of Consumer Affairs have been inundated with calls and complaints from consumers seeing hikes in interest rates, fees, and minimum payments.

To help ease the burden, SCDCA brought representatives from the congressional delegates together for a discussion. The discussion not only provided education on the specific provisions of the law, but provided a forum for collaboration. Representatives identified the key issues plaguing their constituents and were provided with SCDCA resources to assist with complaints.

February 2010 cannot come fast enough for many consumers, but SCDCA continues to voice the concerns of South Carolina residents by partnering with SC's congressional delegation to make sure what can be done now *is* being done.

Thank you, Midlands!

Once again, the communities of the Midlands have given BIG!

During the South Carolina Department of Consumer Affairs' November 19th Shred Day, consumers were given the opportunity to donate non-perishable items to Harvest Hope Food Bank. With locations at St. Andrews Road and Forest Drive, donations came early and often and did not stop during the 8-hour event.

Total donations from both sites equaled over 2000 pounds of food. Many also contributed cash donations. Harvest Hope estimates that every dollar is equivalent to 10 pounds of food.

With struggling national and state economies, many South Carolina consumers are finding it more difficult to provide basic necessities such as food, clothing, and shelter. South Carolina residents, however, are eager to give. Many consumers said they regularly gave to Harvest Hope but were thankful for the opportunity to give a little more.

In keeping with the spirit of giving, SCDCA partnered with local shred companies to provide consumers free, on-site destruction of personal information. An estimated 20,000 pounds of paper were shred at locations at SCDCA and St. Andrews Presbyterian Church.

All-in-all, the Shred Day & Food Drive was a huge success...thanks to South Carolina consumers interested in making their communities and their neighbors well fed this Thanksgiving season. Hats off to the Midlands' communities and their spirit of giving.

Recall Round-Up from CPSC

This feature in the Consumer Alert lists recently recalled items. Your retailer should have information for you, if you purchased a recalled product. If you find a recalled item still on the shelf, contact the U.S. Consumer Product Safety Commission immediately. For a complete list of recalled products and information, you can visit www.cpsc.gov to receive e-mail alerts.



Maclaren Strollers

Hazard: The stroller's hinge mechanism poses a fingertip amputation and laceration hazard to the child when the consumer is unfolding/opening the stroller.

MacPherson's Young Artist Easels

Hazard: The chalkboard surface coating contains high levels of lead, violating the federal lead paint standard.



Life Is Good: Fall 2009 Newbury Travel Mugs

Hazard: The travel mugs can become excessively hot to the touch when filled with hot liquids, posing a burn hazard to consumers.

Power Adapters with IBM RDX Back Up Hard Disk Drives

Hazard: A plastic weld on the power adapters can fail and allow two parts to separate, exposing live electrical contacts. This poses a shock hazard to consumers.



About the South Carolina Department of Consumer Affairs

Established by the Consumer Protection Code in 1974, the South Carolina Department of Consumer Affairs represents the interest of South Carolina consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education. The Department strives to be a **CREDIT** to our State: **C**ompetence **R**espect **E**quality **D**edication **I**ntegrity **T**imeliness. For more information on the SCDCA, visit www.sconsumer.gov.

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